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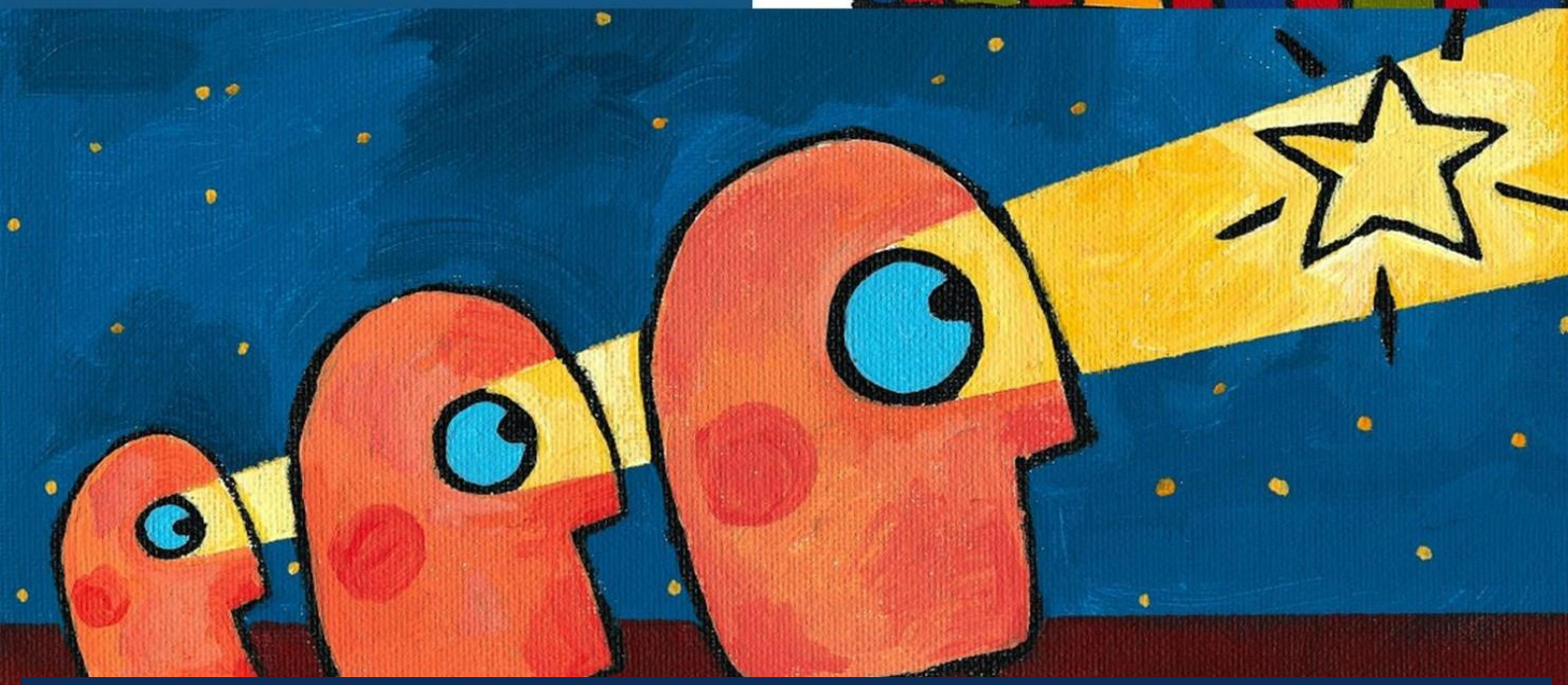

Economic Laws | Governance, Regulations and Risk | Public Affairs and Policy

Competition Commission of India Decides on Settlement Application of Google

The Competition Commission of India **('Commission/ 'CCI')**, in a first, issued an order under Section 48 A (3) of the Competition Act, 2002, in an information filed by two individuals, Mr. Kshitiz Arya and Mr. Purushottam Anand (collectively referred to as the **'Informants'**) under Section 19(1)(a) of the Competition Act, 2002 **('Act')** against Google LLC **('OP-1')**, Google India Private Limited **('Google India'/ 'OP-2')** (collectively referred to as **'Google'),** Xiaomi Technology India Private Limited **('Xiaomi'/ 'OP-3')** and TCL India Holding Private Limited **('TCL'/ 'OP-4')** for alleged contravention of various provisions of Section 3 and Section 4 of the Act.

The information stated that Google entered into anti-competitive agreements, viz. Television App Distribution Agreement **('TADA')** and the Android Compatibility Commitments **('ACC'),** with Smart TV Original Equipment Manufacturers **('OEM')**, which contained restrictive covenants, violating Section 3(4) and Section 4 of the Act. The Informants alleged that Google is dominant in the market for licensable operating system for Smart TVs and in the market for app stores for Smart TVs operating system.

As per the information, through agreements, viz. TADA and ACC, Google, abusing its dominant position, imposed restrictions which included ensuring that all android TV-based smart TVs came pre-installed with its app store (Play Store) by bundling Play Store with Android TV Operating System; denying market access to OEMs by preventing them from manufacturing, distributing or selling devices running on a competing forked Android OS (a modified Android operating system); restricting competition by not providing its Play Store on other licensable operating systems and; creating barriers to entry and limiting research and development in the market by prohibiting OEMs from developing their own forked Android-based operating systems.

The Commission, forming prima facie opinion, directed Director General **('DG')** to investigate into the matter under Section 26(1) of the Act and examine the allegations.

On the issue of relevant product and geographical market, the DG delineated two relevant markets, viz. *'market for licensable smart TV device* operating *systems in India'* and *'market for App Stores for Android smart TV OS in India'.* Correspondingly, on the issue of dominance of Google in the relevant market, considering the market share and resources of Google, along with the market share and importance of Google Play Store, the lack of countervailing buying power of OEMs and the preference of app developers for the Play Store, the DG observed that Google Play Store held a dominant position in the second relevant market. On the issue of TADA mandating pre-installation of Google TV Services **('GTVS')** /Google applications, the DG observed that such practice amounts to imposition of unfair condition on the smart TV device manufacturers.

Regarding the issue whether Google had limited technical or scientific development, the DG observed that by mandating pre-installation of Google's proprietary apps contingent on signing of ACC for all android devices manufactured and distributed by device manufacturers, reducing the incentive of device manufacturers to develop and sell devices operating on alternative versions of Android, like Android Forks, consequently leading to denial of market access, Google has restricted the ability and incentive of the device manufacturers and limited scientific and technical development.

The DG concluded that restrictions on OEMs to not pre-install incompatible Android platforms and conditions of ACC that prohibited OEMs from distribution of non-GTVS Android version and from working on Android forks amounted to violation of provisions of Section 4(2)(d) of the Act. The DG further observed that Google has abused its dominant position by tying the YouTube app with Play Store in the relevant market of online video hosting platform in India **('OVHP').**

Accordingly, Google submitted Settlement Application, dated 21.05.2024 **('Settlement Application')** under Section 48A of the Act read with the Competition Commission of India (Settlement) Regulations, 2024 **('Settlement Regulations')** and requested the Commission to stay the proceedings till final decision on the Settlement Application or till the time as the Commission deems fit.

Google, in its Settlement Application, proposed that it will introduce 'New India Agreement' under which it make standalone license to the Google Play Store and Google Play Services available for compatible Android Smart TV devices sold in India and it will not include any default requirements for the Play Store or any other Google services; abolish the requirement of ACC in TADA for devices shipped in India that do not preload Google apps; send a letter to its Android TV partners in India, reminding them of the existing flexibility – to use open-source Android OS for Smart TVs without signing an ACC and develop Smart TVs using other competing operating systems – under their current agreements with Google, and; duly adhere to all the settlement proposals **('Settlement Proposal')** for a period of 5 years and submit regular compliance reports.

(Continued on next page)

After examining all the materials and submissions and objections of the parties with respect to the Settlement Proposal, the Commission observed that the proposal allows OEMs to preload the essential Play Store without being required to install any other Google applications on their devices. The Commission also noted that the competitors of Google's GTVS apps would have the option to preinstall their apps exclusively on these devices of OEMs, including alternatives to YouTube. The Commission further noted that TADA and New India Agreement offers greater flexibility to OEMs in choice between Google Play Store and full stack of GTVS apps.

Regarding the concern of the DG with respect to ACC being a requisite condition for TADA, which prohibited its signatories from releasing devices which are non-compatible with Android, essentially restricting the development of other TV operating systems competing in the market, the Settlement Proposal stipulated that Google would send binding letters to all of its Android TV partners, waiving off the ACC requirement in TADA. The Commission noted that such omission would break the link between Play Store and ACC, which was the basis for DG's concern.

Thus, the Commission concluded that the Settlement Proposal addresses the concerns raised by the DG in its investigation report.

The Commission considered the five-year duration of the Settlement Proposal to be reasonable as it postulates a time-bound framework that facilitates effective monitoring and the proposal is safeguarded by legal provisions that allow for the revocation and monitoring of the settlement order, ensuring compliance and oversight.

The final settlement amount, after application of 15% settlement discount, reached by the Commission totaled to Rs. 20.24 Crore. The Commission directed Google to implement the Settlement Proposal as per the timeline submitted by them and also mandated Google to submit the annual compliance reports to the Commission by April 15th of each year for the coming five years, confirming adherence to the obligations specified in the Settlement Proposal.

(Order dated 21.04.2025)

Google Offered Commitments to Bundeskartellamt To End Restrictions in Connection with Google Automotive Services and Google Maps

Google offered commitments to Bundeskartellamt, promising that it will license also the separate standalone versions of the apps in Google Automotive Services – a suit of apps of Google, like Google Maps, Google Play and Google Assistant which is licensed and integrated in in-vehicle infotainment services – and will remove restrictive contractual clauses, including clauses on default settings or participation in advertising revenue. Google further agreed to establish conditions that are essential and conducive to allowing interoperability with third-party services.

Google further committed to eliminate the contractual clauses that restricted integration of Google Maps' services and map services from other service providers, such as HERE, Mapbox or TomTom. It was stated that third-party map services, such as OpenStreetMap maps, will be able to display map content provided by Google. Additionally, it was observed these commitments would allow vehicle manufacturers and suppliers to use and combine Google Maps services in infotainment systems with third-party services.

The Bundeskartellamt had issued two decisions declaring Google's commitments binding and concluding the proceedings.

(Press release dated 09.04.2025)

Legal news from India and the world

European Commission Fines Recycling Cartel

The European Commission **('EC')** fined 15 car manufacturers and the European Automobiles Manufacturers' Association **('ACEA')** a total of around €458 million for participating in a long-lasting cartel concerning End-of-Life Vehicle **('ELV')** recycling. ELVs are dismantled vehicles that are no longer fit for use, due to age, wear and tear, or damage and are processed for recycling.

The infringements pertained to cartelization between the parties and agreement of parties to a 'Zero-Treatment-Cost' strategy, where the colluding parties agreed to not remunerate car dismantlers for recycling of ELVs on the grounds that recycling was a sufficiently profitable business. The parties to the cartel shared sensitive information regarding their individual arrangements with the car dismantlers.

The EC's investigation revealed that 16 car manufacturers, including BMW, Ford, Honda, Volkswagen, Mazda and other such major players, engaged in anticompetitive agreements for over 15 years. Mercedes Benz was also included but was exempted under the leniency programme as it revealed the cartel to the EC. Mitsubishi and Ford also benefited from a reduction of the fine for their cooperation with the Commission.

(Press release dated 01.04.2025)

CCI Imposes Monetary Penalty on Digital Cinema Operators

The Competition Commission of India **('CCI'/ 'Commission'),** in an information filed under section 19 (1) (a) of the Competition Act, 2002 **('Act')** by PF Digital Media Services Ltd. **('PF Digital Media'/ 'Informant No. 1')** and Mr. Ravinder Walia **('Informant No. 2')** against UFO Moviez India Ltd. **('OP-1')**, Scrabble Digital Ltd. **('OP-2')**, Qube Cinema Technologies Pvt. Ltd. **('OP-3')**, Globe Theatres Pvt. Ltd. **('OP-4')**, Imperial Cinema Pvt. Ltd. **('OP-5')**, FICCI Multiplex Association of India **('FMAI'/ 'OP-6')** and the Indian Film and TV Producers Council **('IFTPC'/ 'OP-7')** (collectively referred to as **'Opposite Parties'/ 'OPs'**), held Opposite Parties to be in contravention of Section 3 and Section 4 of the Act. OP-4, OP-5, OP-6 and OP-7 were deleted by the Commission from the list of parties.

As per the information, a Digital Cinema Equipment **('DCE')** is required by the Cinema Theatre Owners **('CTO')** to play digitized version of cinematograph films that are distributed to CTOs digitally after post-production processing. This digitization is done by digital cinema laboratories, such as PF Digital Media (Informant No. 1) and Scrabble Digital Limited (OP-2), through post-production processing. The information stated that accordingly to establish an international standard for digital distribution of films major producers from across the world, viz. Disney, Fox, MGM, etc. formed an entity called Digital Cinema Initiative **('DCI').**

The Informants alleged that OP-1 executed equipment lease agreements with the CTOs to provide DCE to the CTOs but supplied malfunctioned DCEs which played only those films which were post-production processed by OP-2 and not by any other digital laboratory. The Informants averred that OP-1 violated Section 4(2)(c) of the Act by denying market access to all cinematograph films not post-production processed by OP-2. The Informants also alleged that OPs violated the provisions of Section 4(2)(e) of the Act by protecting the other relevant market of OP-2 through the dominant position of OP-1. It was stated in the Information that OP-2 was controlling 90% of the PPP market and is therefore dominant in the relevant market of PPP of cinematograph films. The Informant also alleged that the agreement between OP-1 and OP-2, to promote OP-2's business through anti-competitive means, violated Section 3(3)(c) of the Act. The Informant further alleged that the Equipment Lease Agreement between OP-1 and the CTOs is in the nature of tie in arrangement, exclusive supply agreement, exclusive distribution agreement and refusal to deal and results in appreciable adverse effect on competition **('AAEC').**

In its prima facie opinion, the Commission observed; (i) the existence of tie-in-relationship, with PPP being the tied product with DCE; (ii) the existence of exclusive supply agreement between CTOs and OP-1; and, (iii) existence of refusal to deal. Consequently, the Commission, vide order dated 17.09.2021, directed the Director General **('DG')** to investigate into the matter. The investigation by the DG, primarily, revealed the existence of vertical relationships between CTOs and DCE suppliers and between producers, PPP service providers and CTOs. The DG delineated the relevant markets as; (i) '*market for the supply of DCE* on *lease/rent to CTOs in India'*; and (ii) *'market for PPP services in India'*. The investigation further revealed that OP-1 and OP-3 had a market share of almost 40% and 48%, respectively in the relevant market and that both the agreements – between OP-1, OP-2 and CTOs, and between OP-3 and the CTOs also – amounted to exclusive supply agreement, a tie-in agreement and refusal to deal, contravening Section 3(4)(a), Section 3(4)(b) and Section 3(4)(d) of the Act.

The Commission, agreeing with the DG, delineated relevant market as '*market for the supply of DCE* on *lease/rent to CTOs in India'*; and (ii) *'market for PPP services in India'* and observed that the Opposite Parties have contravened Sections 3(4)(a), 3(4)(b) and 3(4)(d) read with Section 3(1) of the Act. Subsequently, after assessing mitigating and aggravating factors, the Commission imposed a cumulative penalty of Rs. 269.83. Out of this, Rs. 104.03 Lakh was imposed on OP-1 and OP-2 and Rs. 165.8 Lakh was imposed on OP-3.

(Order dated 16.04.2025)

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